

March 10, 1997

TO: Senator Snyder, Chairman  
Senator McDonald  
Representative Dunshee  
Representative Thomas  
Fred Kiga, Director, DOR  
Dick Thompson, Director, OFM

FROM: Chang Mook Sohn, Executive Director  
Office of the Forecast Council

SUBJECT: REVISED PRELIMINARY FORECAST

The March preliminary economic forecast has been revised to reflect the concerns of the Governor's Council members with respect to the aerospace and lumber and wood products employment forecasts. Specifically, the forecast for aerospace employment growth has been reduced from 10,500 in 1997 to 8,000 and from 2,100 per year in 1998 and 1999 to 1,000 per year. The lumber and wood products employment forecast has been lowered by 1,000 beginning in the second quarter of 1997 which eliminates the 2.1 percent growth in 1997 and reduces the growth rate in 1998 from -0.4 percent to -1.1 percent.

If you have any questions, please contact me at (206) 753-2061. Thank you.

CMS: bb/ct

Attachments

cc: Governor's Council of Economic Advisors  
Work Group Members  
Agency Review Members

March 3, 1997

**TO:** Governor's Council of Economic Advisor

**FROM:** Chang Mook Sohn, Executive Director  
Office of the Forecast Council

**SUBJECT:** PRELIMINARY MARCH 1997 ECONOMIC FORECAST

This preliminary forecast was based on Data Resources' February Control forecast for the U.S. economy which incorporated the advance GDP estimate for the fourth quarter of 1996. Real GDP growth accelerated to 4.7 percent in the fourth quarter from 2.1 percent in the third quarter. While the fourth quarter growth rate has since been revised down to 3.9 percent, the revision was entirely due to a reduction in inventory accumulation. The estimate for final sales growth was actually increased slightly from 4.9 percent to 5.0 percent. A comparison of the Preliminary U.S. forecast with the forecast adopted in November is shown in Table 1.

This forecast utilizes an alternative employment estimate developed by the Department of Employment Security and the Office of the Forecast Council. The alternative employment estimate incorporates the covered employment and payrolls data through the third quarter of 1996. In addition, the growth pattern from September 1996 through December 1996 has been adjusted to reflect the average revision between the preliminary, sample based estimates and the final, covered employment and payrolls based estimates during these months. The estimates for 1996 also include an upward revision of 9,700 in the estimate for noncovered corporate officers effective in January 1996. The effect of this is to overstate the year over year growth in 1996 by 0.4 percent and the first quarter growth rate by 1.7 percent. Thus, the underlying growth rate in the first quarter of 1996 was 4.4 percent rather than the reported rate of 6.2 percent and the annual rate for 1996 was really 2.4 percent rather than the reported rate of 2.8 percent.

The forecast incorporates the BEA's January 1997 state personal income release which contained revised estimates through the second quarter of 1996 and preliminary estimates for the third quarter. Since the BEA will eventually benchmark its wage and salary estimates to the covered employment and payrolls data for all sectors except agriculture and federal government, preliminary covered employment and wage data from the Washington Department of

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Employment Security were used to generate wage estimates for the first three quarters of 1996. The BEA estimates were used for agriculture and federal government wages as well as for all nonwage components of personal income.

The revised income data indicate that Washington's personal income in the third quarter of 1996 was \$0.436 billion higher than expected in the November forecast primarily as a result of a \$0.430 billion forecast error in wages and salaries. Nonwage sources of personal income were only \$0.006 billion higher than expected. After adjusting for the revision in the corporate officers estimate, the year over year growth rate of nominal wages in Washington was a strong 4.9 percent in the third quarter. Much of the strength in wage growth is coming from the prepackaged software sector where employment was up 11.5 percent from the previous year and average wages were up 26.7 percent. Excluding software, which comprises less than 0.1 percent of overall employment, average wages in Washington were up only 4.0 percent.

Washington's aerospace employment forecast has been increased to reflect actual employment growth from September through December 1996. As in November, the forecast assumes an increase of 10,500 in 1997 and 2,100 per year in 1998 and 1999. Cumulative employment growth since the fourth quarter of 1995 is expected to reach 31,300 by the fourth quarter of 1999. The electrical machinery employment forecast retains the assumption that Intel will add 1,000 employees per year through 1999 in conjunction with its new plant in DuPont and Hanford related employment is still expected to decline 800 during 1997. A comparison of the Preliminary Washington forecast with the forecast adopted in November is shown in Table 2.

Review of the forecast by the Governor's Council of Economic Advisors is scheduled for Friday, March 7, 1997 at 10:00 a.m., in the Governor's Conference Room located in the State Capital Building. **Council members who are unable to attend are requested to complete and return by FAX (360) 753-7022 the enclosed forecast worksheet.**

If you have any questions, please contact Bret Bertolin, Senior Economic and Revenue Forecast Specialist at (360) 586-6785.

CMS: ct/bb

Enclosures

Advisor's Name: \_\_\_\_\_

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**Forecast Worksheet**

March 3, 1997

**Calendar Years**

	1997:Q1	1997	1998	Average 1999: 1,2
<b>U.S.</b>				
<b>Real GDP, % Ch</b>				
Baseline	2.5	2.9	2.1	2.2
Your Opinion	_____	_____	_____	_____
<b>Implicit Price Deflator, % Ch</b>				
Baseline	1.7	2.2	2.6	2.9
Your Opinion	_____	_____	_____	_____
<b>Mortgage Rate, % Ch</b>				
Baseline	7.9	8.0	8.3	8.2
Your Opinion	_____	_____	_____	_____
 <b>Washington State</b>				
<b>Real Personal Income, % Ch</b>				
Baseline	5.3	4.4	3.4	3.3
Your Opinion	_____	_____	_____	_____
<b>Wage and Salary Employment, % Ch</b>				
Baseline	3.0	3.1	2.8	2.4
Your Opinion	_____	_____	_____	_____
<b>Manufacturing Employment, % Ch</b>				
Baseline	7.1	6.7	2.3	1.5
Your Opinion	_____	_____	_____	_____
<b>Construction Employment, % Ch</b>				
Baseline	2.3	2.0	0.9	0.6
Your Opinion	_____	_____	_____	_____
<b>Housing Permits (Thousands)</b>				
Baseline	42.4	43.7	43.8	44.7
Your Opinion	_____	_____	_____	_____
<b>Washington Average Annual Wage, % Ch</b>				
Baseline	3.3	4.1	3.4	3.7
Your Opinion	_____	_____	_____	_____

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TABLE 1  
U.S. Forecast Comparison

	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4	1998:1		1995	1996	1997	1998	1999
<b>Real GDP</b>													
March	6928.4	7008.7	7052.2	7092.4	7124.1	7165.2	7208.9		6742.9	6911.0	7108.5	7259.9	7410.2
Percent Change	2.1	4.7	2.5	2.3	1.8	2.3	2.5		2.0	2.5	2.9	2.1	2.1
November	6932.6	6975.2	7009.4	7039.8	7080.8	7124.4	7179.7		6742.9	6903.7	7063.6	7238.5	7387.8
Percent Change	2.3	2.5	2.0	1.7	2.3	2.5	3.1		2.0	2.4	2.3	2.5	2.1
<b>Implicit Price Deflator</b>													
March	1.101	1.108	1.113	1.119	1.126	1.133	1.140		1.076	1.099	1.123	1.152	1.184
Percent Change	1.8	2.6	1.7	2.4	2.3	2.5	2.6		2.4	2.1	2.2	2.6	2.8
November	1.101	1.109	1.116	1.122	1.129	1.136	1.143		1.076	1.099	1.126	1.155	1.186
Percent Change	1.8	2.8	2.5	2.4	2.4	2.4	2.7		2.4	2.1	2.5	2.6	2.7
<b>Real Personal Income</b>													
March	5905.0	5946.6	6006.9	6044.4	6081.0	6114.6	6158.0		5684.2	5873.8	6061.7	6196.8	6313.6
Percent Change	3.8	2.8	4.1	2.5	2.4	2.2	2.9		3.9	3.3	3.2	2.2	1.9
November	5900.4	5923.7	5969.5	6001.9	6033.9	6053.7	6103.8		5684.2	5866.9	6014.8	6151.7	6273.1
Percent Change	3.4	1.6	3.1	2.2	2.1	1.3	3.4		3.9	3.2	2.5	2.3	2.0
<b>Wage and Salary Employment</b>													
March	119.96	120.52	121.16	121.80	122.41	122.82	123.32		117.20	119.55	122.05	124.00	125.54
Percent Change	2.3	1.9	2.1	2.1	2.0	1.3	1.7		2.7	2.0	2.1	1.6	1.2
November	119.91	120.40	120.69	120.99	121.35	121.67	122.27		117.20	119.51	121.18	123.12	125.03
Percent Change	2.2	1.6	1.0	1.0	1.2	1.1	2.0		2.7	2.0	1.4	1.6	1.5
<b>Unemployment Rate</b>													
March	5.27	5.27	5.30	5.21	5.24	5.26	5.26		5.60	5.38	5.25	5.30	5.44
November	5.23	5.25	5.34	5.39	5.43	5.45	5.41		5.59	5.39	5.40	5.41	5.50
<b>Mortgage Rate</b>													
March	8.16	7.71	7.85	7.91	7.97	8.10	8.23		7.96	7.81	7.96	8.27	8.18
November	8.15	8.14	8.26	8.31	8.30	8.25	8.18		7.96	7.91	8.28	8.15	7.95
<b>3 Month T-Bill Rate</b>													
March	5.10	4.98	5.01	5.14	5.36	5.44	5.43		5.49	5.01	5.24	5.35	5.20
November	5.10	5.14	5.38	5.53	5.63	5.51	5.41		5.49	5.05	5.51	5.39	5.21

**TABLE 2**  
**Washington Forecast Comparison**

	1996:3	1996:4	1997:1	1997:2	1997:3	1997:4	1998:1		1995	1996	1997	1998	1999
<b>Real Personal Income</b>													
March	126.140	127.155	128.793	130.059	131.196	132.368	133.636		120.017	125.158	130.604	135.024	139.211
Percent Change	5.5	3.3	5.3	4.0	3.5	3.6	3.9		3.7	4.3	4.4	3.4	3.1
November	125.743	126.696	128.034	129.206	130.308	131.511	132.675		120.018	125.053	129.765	134.300	138.655
Percent Change	3.4	3.1	4.3	3.7	3.5	3.7	3.6		3.7	4.2	3.8	3.5	3.2
<b>Personal Income</b>													
March	138.880	140.888	143.307	145.575	147.695	149.944	152.368		129.117	137.498	146.630	155.503	164.845
Percent Change	7.4	5.9	7.0	6.5	6.0	6.2	6.6		6.2	6.5	6.6	6.1	6.0
November	138.444	140.472	142.849	145.020	147.117	149.348	151.668		129.117	137.403	146.083	155.086	164.472
Percent Change	5.3	6.0	6.9	6.2	5.9	6.2	6.4		6.2	6.4	6.3	6.2	6.1
<b>Wage and Salary Employment</b>													
March	2424.7	2438.4	2456.5	2478.6	2498.5	2515.6	2533.9		2346.8	2411.5	2487.3	2557.9	2620.4
Percent Change	4.4	2.3	3.0	3.7	3.2	2.8	2.9		1.9	2.8	3.1	2.8	2.4
November	2411.1	2431.1	2446.1	2462.8	2479.4	2495.9	2515.7		2345.6	2400.1	2471.1	2544.6	2615.9
Percent Change	4.8	3.3	2.5	2.8	2.7	2.7	3.2		1.8	2.3	3.0	3.0	2.8
<b>Manufacturing Employment</b>													
March	346.0	355.0	361.1	366.2	369.6	372.1	374.0		332.3	344.2	367.3	375.9	381.4
Percent Change	9.4	10.8	7.1	5.8	3.8	2.7	2.0		-1.4	3.6	6.7	2.3	1.5
November	347.0	353.6	358.2	362.7	365.9	368.4	370.5		331.4	344.4	363.8	373.2	380.4
Percent Change	10.6	7.8	5.3	5.2	3.5	2.8	2.3		-1.6	3.9	5.6	2.6	1.9
<b>Construction Employment</b>													
March	128.4	127.8	128.5	128.9	129.5	130.1	130.4		122.0	126.7	129.3	130.4	130.9
Percent Change	6.9	-1.7	2.3	1.1	2.0	1.9	1.0		-0.8	3.9	2.0	0.9	0.4
November	124.0	124.6	124.1	124.2	124.6	125.1	125.6		121.2	123.7	124.5	126.6	128.3
Percent Change	-0.2	2.0	-1.7	0.4	1.2	1.5	1.6		-1.4	2.0	0.7	1.7	1.4
<b>Housing Permits</b>													
March	40.799	40.440	42.413	44.711	43.893	43.701	43.458		38.160	42.400	43.679	43.771	44.908
Percent Change	-17.2	-3.5	21.0	23.5	-7.1	-1.7	-2.2		-13.3	11.1	3.0	0.2	2.6
November	40.587	41.145	42.031	41.947	42.384	43.723	44.995		38.160	42.664	42.521	45.833	46.890
Percent Change	-20.1	5.6	8.9	-0.8	4.2	13.2	12.2		-13.3	11.8	-0.3	7.8	2.3

TABLE 3.1

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Current Employment Statistics	1995:12	1996:1	1996:2	1996:3	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12
Wage and Salary Employment	2362.5	2378.5	2380.6	2386.9	2386.3	2392.1	2393.6	2410.6	2417.6	2419.4	2433.5	2436.8	2440.8
Manufacturing	331.1	333.8	333.7	334.0	333.3	333.9	335.6	340.1	342.8	344.6	348.1	349.9	352.4
Durable Manufacturing	223.0	225.3	225.3	225.5	225.7	226.0	227.9	231.4	233.9	234.8	237.1	239.5	241.7
Lumber & Wood	34.6	34.9	34.1	34.2	34.0	33.9	34.0	34.1	34.5	33.8	34.0	33.9	34.0
Furniture	3.7	3.7	3.7	3.6	3.7	3.8	3.7	3.8	3.7	3.7	3.7	3.7	3.7
Stone-Clay-Glass	8.8	9.1	8.9	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.1	9.1	9.1
Primary Metals	11.5	11.6	11.6	11.6	11.6	11.5	11.7	11.6	11.7	11.7	11.7	11.7	11.6
Fabricated Metals	13.3	13.5	13.6	13.6	13.5	13.0	13.5	13.5	13.6	13.6	13.7	13.8	13.9
Nonelectrical Machinery	22.4	22.6	22.7	22.8	23.0	23.1	23.2	23.3	23.4	23.4	23.5	23.8	23.9
Electrical Machinery	14.5	14.5	14.6	14.6	14.9	15.0	15.1	15.4	15.6	15.7	15.9	15.9	15.9
Aerospace	79.3	80.2	80.8	80.9	81.3	81.9	83.0	85.9	87.6	89.0	91.0	93.2	95.3
Other Trans. Equipment	14.4	14.3	14.5	14.5	14.1	14.0	14.0	14.0	14.1	14.0	13.7	13.8	13.5
Instruments	12.6	13.1	13.0	13.1	13.1	13.2	13.1	13.2	13.1	13.1	13.1	13.0	13.1
Other Durables	7.7	7.7	7.7	7.7	7.6	7.6	7.7	7.7	7.6	7.7	7.8	7.6	7.6
Nondurable Manufacturing	108.2	108.5	108.5	108.5	107.6	107.9	107.7	108.7	108.9	109.8	111.0	110.5	110.7
Food and Kindred Products	41.8	41.9	41.9	42.5	41.6	42.4	42.3	42.9	43.0	44.2	44.9	44.4	44.6
Apparel	9.2	9.1	9.2	9.1	9.1	8.9	8.9	8.8	8.9	8.8	8.9	8.9	9.0
Pulp and Paper	17.3	17.5	17.4	17.0	17.2	17.0	16.6	17.1	17.0	17.0	17.0	17.0	17.0
Printing	24.1	24.2	24.0	24.0	23.9	23.9	23.9	23.9	24.0	24.0	24.1	24.2	24.2
Chemicals	5.3	5.4	5.6	5.6	5.6	5.6	5.5	5.5	5.5	5.4	5.5	5.5	5.5
Other Nondurables	10.4	10.4	10.4	10.3	10.2	10.2	10.4	10.5	10.5	10.4	10.5	10.4	10.4
Mining	3.3	3.4	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.3
Construction	122.1	124.7	124.8	124.4	124.3	124.3	124.9	124.8	125.3	125.4	125.8	125.3	125.1
Trans., Comm., and Utilities	122.1	121.7	121.7	122.2	122.0	122.1	121.9	121.4	121.6	120.7	122.0	122.4	122.6
Wholesale Trade	144.6	146.4	146.7	147.2	147.6	147.7	147.2	149.4	149.8	150.3	152.7	152.4	152.1
Retail Trade	441.2	442.6	441.4	442.5	442.3	442.6	442.2	442.7	443.4	443.8	444.1	444.2	444.4
Finance-Insurance-Real Estate	122.2	123.0	122.9	123.0	123.1	123.8	123.9	124.3	124.5	125.1	125.4	125.7	125.8
Services	632.1	637.8	640.0	642.2	643.2	646.2	647.4	651.4	655.4	657.6	661.7	663.7	663.3
Federal Government	69.9	69.8	69.6	69.1	69.1	68.7	68.5	68.2	67.9	68.0	67.7	68.1	67.9
State and Local Government	373.7	375.4	376.5	378.9	378.1	379.7	378.8	384.9	383.7	380.5	382.7	381.8	383.7

TABLE 3.2

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Forecast Council Assumptions	1995:12	1996:1	1996:2	1996:3	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12
Wage and Salary Employment	2366.3	2378.9	2382.6	2391.0	2393.5	2402.2	2401.0	2421.9	2429.1	2423.3	2430.8	2438.2	2446.1
Manufacturing	335.2	337.3	337.2	338.3	337.3	338.7	339.1	343.4	345.9	348.8	351.8	355.1	358.1
Durable Manufacturing	225.5	227.5	226.9	227.4	227.3	228.2	229.3	234.6	238.3	240.8	243.4	246.6	248.9
Lumber & Wood	35.0	35.4	34.8	34.8	34.6	34.9	34.9	35.2	35.9	36.1	36.3	36.2	36.2
Furniture	3.6	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.0	3.9	4.0	4.0	4.0
Stone-Clay-Glass	8.8	8.8	8.7	8.6	8.7	9.0	8.9	9.2	9.2	9.1	9.1	9.2	9.2
Primary Metals	11.5	11.6	11.5	11.5	11.4	11.4	11.5	11.5	11.5	11.6	11.5	11.6	11.8
Fabricated Metals	13.2	13.3	13.5	13.3	13.3	12.9	13.1	13.2	13.3	13.3	13.3	13.5	13.6
Nonelectrical Machinery	22.5	23.3	23.4	23.6	23.7	23.9	23.9	24.6	24.9	25.1	25.2	25.4	25.6
Electrical Machinery	14.4	14.5	14.6	14.7	14.8	14.9	15.0	15.1	15.3	15.3	15.3	15.5	15.7
Aerospace	80.4	80.4	80.2	80.4	80.7	81.3	82.1	85.9	88.2	90.4	92.9	95.2	97.0
Other Trans. Equipment	14.8	14.6	14.5	14.6	14.3	14.1	14.0	13.9	14.0	13.9	13.5	13.7	13.7
Instruments	13.2	13.5	13.5	13.5	13.5	13.5	13.6	13.8	13.7	13.8	13.8	13.8	13.9
Other Durables	8.0	8.2	8.2	8.3	8.2	8.3	8.3	8.2	8.3	8.4	8.5	8.6	8.4
Nondurable Manufacturing	109.6	109.9	110.3	110.9	110.0	110.5	109.8	108.8	107.6	108.0	108.4	108.5	109.1
Food and Kindred Products	42.7	42.4	42.9	43.6	43.0	43.7	43.0	41.7	40.5	41.1	41.7	41.3	41.7
Apparel	9.2	9.3	9.4	9.2	9.4	9.3	9.4	9.3	9.3	9.3	9.2	9.4	9.4
Pulp and Paper	17.2	17.2	17.1	17.1	17.0	16.8	16.7	16.8	16.7	16.8	16.7	16.7	16.8
Printing	24.5	24.8	24.6	24.6	24.3	24.2	24.2	24.3	24.2	24.2	24.2	24.3	24.2
Chemicals	5.5	5.6	5.6	5.7	5.6	5.6	5.6	5.7	5.7	5.6	5.6	5.7	5.7
Other Nondurables	10.5	10.6	10.7	10.7	10.8	10.8	10.8	11.0	11.2	11.1	11.0	11.2	11.3
Mining	3.3	3.5	3.3	3.4	3.4	3.4	3.4	3.3	3.4	3.4	3.4	3.5	3.4
Construction	121.9	124.1	124.0	125.0	125.9	126.3	126.6	127.7	129.1	128.4	127.3	127.6	128.5
Trans., Comm., and Utilities	120.1	121.4	121.5	122.0	122.3	122.7	122.7	122.9	123.7	122.8	123.8	124.5	124.7
Wholesale Trade	142.2	142.4	142.8	143.4	143.5	143.8	142.6	146.2	145.9	145.8	148.3	148.1	148.6
Retail Trade	440.2	442.9	442.2	444.6	443.9	444.6	444.7	447.1	449.2	447.3	447.2	448.0	447.3
Finance-Insurance-Real Estate	122.9	122.5	122.9	122.9	123.1	123.6	123.5	123.9	124.2	124.4	124.3	124.8	125.1
Services	634.2	638.0	640.7	642.1	644.8	648.7	649.5	651.0	655.5	653.1	654.3	656.5	657.4
Federal Government	69.6	69.3	69.1	69.2	69.4	69.0	68.8	68.2	68.4	68.4	68.4	68.1	68.0
State and Local Government	376.7	377.5	378.8	380.4	379.9	381.4	379.9	388.2	383.8	380.8	381.8	382.1	384.9



TABLE 3.3

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Difference	1995:12	1996:1	1996:2	1996:3	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12
Wage and Salary Employment	3.9	0.4	2.0	4.2	7.2	10.2	7.4	11.3	11.5	3.9	-2.7	1.4	5.3
Manufacturing	4.0	3.5	3.5	4.3	4.0	4.8	3.5	3.3	3.1	4.2	3.7	5.2	5.6
Durable Manufacturing	2.6	2.1	1.6	1.8	1.6	2.2	1.4	3.2	4.4	5.9	6.3	7.1	7.3
Lumber & Wood	0.4	0.4	0.7	0.6	0.6	1.0	0.9	1.1	1.4	2.2	2.3	2.3	2.2
Furniture	-0.1	0.3	0.3	0.4	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.3
Stone-Clay-Glass	0.0	-0.3	-0.2	-0.3	-0.3	-0.1	-0.1	0.2	0.2	0.1	0.0	0.1	0.1
Primary Metals	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.2
Fabricated Metals	-0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.4	-0.3	-0.3	-0.4	-0.4	-0.4	-0.3
Nonelectrical Machinery	0.1	0.7	0.7	0.8	0.8	0.8	0.7	1.3	1.5	1.7	1.7	1.6	1.7
Electrical Machinery	-0.1	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.4	-0.6	-0.4	-0.2
Aerospace	1.1	0.2	-0.6	-0.5	-0.6	-0.5	-0.8	-0.1	0.6	1.4	1.9	2.0	1.7
Other Trans. Equipment	0.4	0.3	0.0	0.1	0.2	0.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.1
Instruments	0.6	0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.6	0.7	0.7	0.8	0.8
Other Durables	0.3	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.6	0.7	1.0	0.8
Nondurable Manufacturing	1.4	1.4	1.8	2.4	2.4	2.6	2.1	0.2	-1.3	-1.8	-2.6	-1.9	-1.6
Food and Kindred Products	0.9	0.6	1.0	1.2	1.4	1.2	0.7	-1.2	-2.5	-3.0	-3.3	-3.1	-2.9
Apparel	0.0	0.1	0.2	0.1	0.3	0.5	0.5	0.5	0.4	0.5	0.3	0.4	0.4
Pulp and Paper	-0.1	-0.2	-0.3	0.1	-0.2	-0.2	0.1	-0.3	-0.3	-0.2	-0.3	-0.3	-0.2
Printing	0.4	0.6	0.6	0.6	0.4	0.3	0.2	0.3	0.2	0.2	0.1	0.1	0.0
Chemicals	0.2	0.1	0.0	0.1	0.0	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2
Other Nondurables	0.0	0.2	0.3	0.4	0.6	0.6	0.5	0.6	0.7	0.7	0.6	0.8	0.9
Mining	0.0	0.1	0.0	0.1	0.1	0.2	0.2	0.1	0.2	0.1	0.2	0.1	0.1
Construction	-0.2	-0.6	-0.8	0.6	1.6	2.0	1.7	2.8	3.9	3.0	1.5	2.4	3.4
Trans., Comm., and Utilities	-2.0	-0.3	-0.2	-0.3	0.3	0.6	0.9	1.5	2.1	2.2	1.8	2.0	2.1
Wholesale Trade	-2.4	-4.0	-3.9	-3.8	-4.1	-3.9	-4.6	-3.2	-3.9	-4.5	-4.5	-4.2	-3.5
Retail Trade	-1.0	0.2	0.9	2.0	1.6	2.1	2.5	4.3	5.9	3.5	3.1	3.7	2.9
Finance-Insurance-Real Estate	0.7	-0.4	0.0	-0.2	0.0	-0.1	-0.4	-0.4	-0.3	-0.7	-1.0	-1.0	-0.7
Services	2.1	0.2	0.7	-0.1	1.6	2.5	2.1	-0.4	0.1	-4.5	-7.4	-7.1	-5.8
Federal Government	-0.3	-0.5	-0.5	0.1	0.3	0.3	0.4	0.0	0.5	0.4	0.7	0.0	0.1
State and Local Government	3.0	2.2	2.4	1.5	1.8	1.7	1.2	3.3	0.0	0.3	-0.8	0.3	1.2

TABLE 4

**U.S. Economic Forecast Comparison**  
 February 1997

	1996:4	1997:1	1997:2	1997:3	1996	1997	1998	1999
<b>Real GDP, Percent Change</b>								
DRI	4.7	2.5	2.3	1.8	2.5	2.9	2.1	2.1
Merril Lynch	4.7	1.8	2.1	2.1	2.5	2.7	2.0	NA
Blue Chip	4.7	2.1	2.0	1.8	2.5	2.5	2.0	NA
WEFA	4.7	1.2	1.7	2.0	2.5	2.4	2.2	2.2
<b>3-Month T-Bill Rate, Percent</b>								
DRI	4.98	5.01	5.14	5.36	5.01	5.24	5.35	5.20
Merril Lynch	4.98	5.00	4.95	4.95	5.01	5.00	5.20	NA
Blue Chip	5.0	5.1	5.2	5.2	5.0	5.2	5.1	NA
WEFA	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Consumer Price Index, Percent Change</b>								
DRI	3.2	2.2	2.8	2.5	2.9	2.7	2.7	3.0
Merril Lynch	3.2	2.8	2.6	2.8	2.9	2.8	2.9	NA
Blue Chip	3.1	3.0	2.9	3.0	2.9	3.0	3.0	NA
WEFA	3.2	2.3	2.5	2.5	2.9	2.6	2.7	2.8